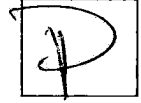


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-03528A
Picacho Water Company
9532 E. Riggs Rd.
Sun Lakes, AZ 85248

RECEIVED

MAY 15 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

5-16-07

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Picacho Water Company</u>			
Mailing Address <u>9532 E. Riggs Rd.</u>			
<u>San Lakes</u> (City)	<u>AZ</u> (State)	<u>85248</u> (Zip)	
<u>(480) 895-9200</u> Telephone No. (Include Area Code)	<u>(480) 895-4347</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>26407 S. Price Rd</u>			
<u>San Lakes</u> (City)	<u>AZ</u> (State)	<u>85248</u> (Zip)	
<u>(480) 895-5009</u> Local Office Telephone No. (Include Area Code)	<u>(480) 802-9463</u> Fax No. (Include Area Code)	<u>(602) 757-1548</u> Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>James Ponlos</u>		<u>General Manager</u>	
(Name)		(Title)	
<u>9532 E Riggs Road</u> (Street)	<u>San Lakes</u> (City)	<u>AZ</u> (State)	<u>85248</u> (Zip)
<u>(480) 895-9200</u> Telephone No. (Include Area Code)	<u>(480) 895-4347</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>Dave Voorhees</u>			
(Name)			
<u>26407 S. Price Rd.</u> (Street)	<u>San Lakes</u> (City)	<u>AZ</u> (State)	<u>85248</u> (Zip)
<u>(480) 895-5009</u> Telephone No. (Include Area Code)	<u>(480) 802-9463</u> Fax No. (Include Area Code)	<u>(602) 757-1548</u> Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: <u>James D. Hubbard</u>			
(Name)			
<u>9532 E. Riggs Rd.</u>	<u>San Lakes</u>	<u>AZ</u>	<u>85248</u>
(Street)	(City)	(State)	(Zip)
<u>(480) 895-9200</u>			
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	
Pager/Cell No. (Include Area Code)			
Attorney: <u>Marty Aronson</u>			
(Name)			
<u>One E. Camelback</u>	<u>Phoenix</u>	<u>AZ</u>	<u>85012</u>
(Street)	(City)	(State)	(Zip)
<u>(602) 263-2972</u>			
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	
Pager/Cell No. (Include Area Code)			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME Picacho Water Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises	183,896	Ø	183,896
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	1,165,320	84,485	1,080,835
311	Pumping Equipment	124,794	8,637	116,157
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	51,894	1,781	50,113
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	27,180	3,576	23,604
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,553,084	98,479	1,454,605

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME	Picacho Water Company
--------------	-----------------------

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises	183,896	Ø	Ø
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	1,165,320	3.00	34,959
311	Pumping Equipment	124,794	2.97	3,708
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	51,894	1.97	1,021
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	27,180	6.50	1,766
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,553,084	2.67	41,454

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME *Picacho Water Company*

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 82,693	\$ 56,878
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	9,439	14,296
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	6,190	6,551
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 98,322	\$ 77,725
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,509,394	\$ 1,553,084
103	Property Held for Future Use		
105	Construction Work in Progress	129,293	154,751
108	Accumulated Depreciation – Utility Plant	(57,026)	(98,479)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 1,581,661	\$ 1,609,356
	TOTAL ASSETS	\$ 1,679,983	\$ 1,687,081

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME	Picacho Water Company
--------------	-----------------------

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 5,741	\$ 5,479
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	33,508	93,039
235	Customer Deposits		
236	Accrued Taxes	28,574	29,427
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	33,397	
	TOTAL CURRENT LIABILITIES	\$ 101,220	\$ 127,945
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 101,220	\$ 127,945
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1,475,000	\$ 1,475,000
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	103,763	84,136
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 1,578,763	\$ 1,559,136
	TOTAL LIABILITIES AND CAPITAL	\$ 1,679,983	\$ 1,687,081

COMPANY NAME *Picacho Water Company*

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 245,239	\$ 182,462
460	Unmetered Water Revenue		
474	Other Water Revenues	525	3,100
	TOTAL REVENUES	\$ 245,764	\$ 185,562
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 61,004	\$ 62,723
610	Purchased Water		
615	Purchased Power	74,743	63,061
618	Chemicals	1,110	1,243
620	Repairs and Maintenance	10,053	17,050
621	Office Supplies and Expense		
630	Outside Services	333	16
635	Water Testing	7,353	2,339
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	3,255	3,651
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	7,978	2,853
403	Depreciation Expense	40,696	41,454
408	Taxes Other Than Income		
408.11	Property Taxes		13,568
409	Income Tax	6,930	(10,096)
	TOTAL OPERATING EXPENSES	\$ 213,455	\$ 197,862
	OPERATING INCOME/(LOSS)	\$ 32,309	\$ (12,300)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		198
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(6,111)	(7,525)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (6,111)	\$ (7,327)
	NET INCOME/(LOSS)	\$ 26,198	\$ (19,627)

COMPANY NAME Picacho Water Company

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ Ø

Meter Deposits Refunded During the Test Year

\$ Ø

COMPANY NAME	Pichcho Water Company
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-567967	400	2,400	1,613	20	12	1998
55-567966	400	1,800	1,150	20	12	1998

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
60	2	4	
10	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
800,000	1	15,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Picacho Water Company
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		
18	PVC	7,920

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	125
3/4	
1	3
1 1/2	
2	17
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	
Well Meters	2

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Dual Chlorination System / Chlorine gas

STRUCTURES:

2 Motor Control Panels

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: <u>Picacho Water Company</u>	
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	25	3,922	3,922	Ø
FEBRUARY	27	1,895	1,886	Ø
MARCH	31	1,617	1,580	Ø
APRIL	42	4,530	4,530	Ø
MAY	56	5,420	5,420	Ø
JUNE	64	10,798	10,798	Ø
JULY	74	11,519	11,519	Ø
AUGUST	84	9,649	9,649	Ø
SEPTEMBER	97	2,856	3,306	Ø
OCTOBER	113	14,024	13,982	Ø
NOVEMBER	127	5,840	6,083	Ø
DECEMBER	147	2,595	2,775	Ø
TOTALS →		74,665	75,450	Ø

What is the level of arsenic for each well on your system? ^{Well 4 < 0.001}
^{Well 5 < 0.001} Well 4 < 0.001 mg/l
 (If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1,750 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☒ Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 () Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.


COMPANY NAME Picacho Water Company YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 6,784.11

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

THIS CHECK IS VOID WITHOUT A GREEN & BLUE BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW	
JP Morgan Chase Bank, N.A. 201 N Central Ave Dept 383 Phoenix, AZ 85038	
91-2/1221	
100130	
PICHACHO WATER COMPANY	
9532 E Riggs Rd Sun Lakes, AZ 85248-7411	
Pay	
940-20-49309 2261477	
Date	Amount
10/13/06	\$*****6,784.11
SIX THOUSAND SEVEN HUNDRED EIGHTY FOUR AND 11/100 *****	
Dollars	
To The Order Of	JIM L TURNBULL - PINAL COUNTY TREASURER PINAL COUNTY TREASURERS OFFICE PO BOX 729 FLORENCE AZ 85232-0729
	
SELLER CITY	
SIGNATURE AREA CONTAINS A KNIGHT & FINGERPRINT CHECK WORDING	
⑈100130⑈ ⑆22100024⑆686585324⑈ ⑈0000678411⑈	
ABSENCE OF PINK U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK & WILL DISAPPEAR WHEN BLOWING OR RUBB VS	

1. An owner of the Knight's Fingerprint Cards must not use the Fingerprint Cards for purposes other than to identify a child as a U.S. Patent No. 5,111,901. The cards must be kept in a safe place and not be loaned to anyone else. The cards must be kept in a safe place and not be loaned to anyone else.

2. The cards must be kept in a safe place and not be loaned to anyone else. The cards must be kept in a safe place and not be loaned to anyone else.

3. Separate cards must be kept for each child. The cards must be kept in a safe place and not be loaned to anyone else.

4. The cards must be kept in a safe place and not be loaned to anyone else. The cards must be kept in a safe place and not be loaned to anyone else.

5. The cards must be kept in a safe place and not be loaned to anyone else. The cards must be kept in a safe place and not be loaned to anyone else.

<u>Location</u>	<u>Acct #</u>	<u>Check #</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Paid Date</u>	<u>Sequence</u>
CD	686585324	100130	\$6,784.11		10/20/2006	5340765681
<u>Customer Data</u>	<u>Bank #</u>	<u>GL Category</u>	<u>CD VOID/CIMS Key</u>	<u>CD Label</u>		
	601	000000000000	20061031464101	20061031464101		

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

APR 27 2007

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>James L. Poulos - General Manager</u>
COMPANY NAME	<u>Picacho Water Company</u>

AZ CORP COMM
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.


SIGNATURE OF OWNER OR OFFICIAL

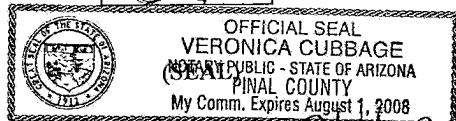
(480) 895-9200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26 DAY OF



MY COMMISSION EXPIRES 8/1/08

COUNTY NAME	<u>Pinal</u>
MONTH	<u>April</u>
	<u>2007</u>


SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Picacho Water Company

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(24,039)</u>
Estimated or Actual Federal Tax Liability	<u>(3,606)</u>
State Taxable Income Reported	<u>(53,787)</u>
Estimated or Actual State Tax Liability	<u>(3,748)</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>Ø</u>
Amount of Gross-Up Tax Collected	<u>Ø</u>
Total Grossed-Up Contributions/Advances	<u>Ø</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

5/15/07

DATE

James Poulos

PRINTED NAME

General Manager

TITLE

RECEIVED

APR 27 2007

AZ CORP COMM
Director Utilities

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>James L. Penhs - General Manager</u>
COMPANY NAME	<u>Picacho Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 202,836

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 17,182
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

[Signature]

SIGNATURE OF OWNER OR OFFICIAL

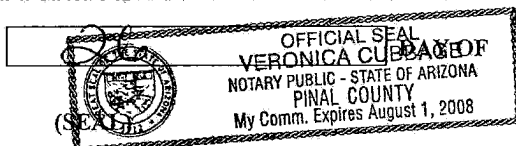
(480) 895-9200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



COUNTY NAME	<u>Pinal</u>
MONTH	<u>April</u> <u>2007</u>

Veronica Cubbage
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 8/1/08

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

APR 27 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <i>Maricopa</i>	
NAME (OWNER OR OFFICIAL) <i>James L. Poulos</i>	TITLE <i>General Manager</i>
COMPANY NAME <i>Picacho Water Company</i>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>142,004</u>
--

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 11,734
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

[Signature]

SIGNATURE OF OWNER OR OFFICIAL

(480) 895-9200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

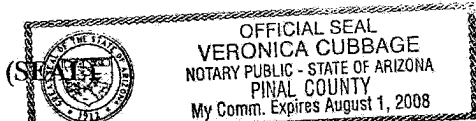
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

26

DAY OF

NOTARY PUBLIC NAME <i>Veronica Cubbage</i>	
COUNTY NAME <i>Pinal</i>	
MONTH <i>April</i>	YEAR <i>2007</i>



MY COMMISSION EXPIRES

8/1/08

x *Veronica Cubbage*

SIGNATURE OF NOTARY PUBLIC